

other development opportunities, and create more openings for Americans in higher skilled occupations, according to Peter B. Dixon, one of the study's authors and a professor at the Centre of Policy Studies at Monash University in Australia.

The positive impact for U.S. households of a legalization plan that includes a tax on guestworker visas would be 1.27 percent of the gross domestic product, or about \$180 billion, Dixon said.

Visa Tax Proposed. The study suggested that the U.S. government could raise revenue and control the number of guestworkers admitted each year through a visa tax or charge for entry permits for guestworkers.

Dixon estimates that a tax as high as 31 percent of the cost of employing a guestworker would be possible because the tax "absorbs what were formerly the costs of illegal entry as well as the productivity increase generated by legalization."

"The major ingredient in good policy is legalization," Dixon said. "This would eliminate smugglers' fees and other costs associated with illegal entry and allow immigrants to have higher productivity."

The study assumes that any large-scale guestworker program would not bind employers to pay the U.S. minimum wage to immigrant workers. Instead, a visa tax would keep the cost of hiring a guestworker higher than the cost of employing a native-born worker, thereby protecting the jobs of U.S. workers, Dixon said.

Occupational Mix Effect Studied. According to the Cato study, immigration policy has an important impact on the "occupational mix" of U.S. workers.

Restricting the inflow of illegal immigrants through strengthened border enforcement "biases the occupational mix of employment for U.S. workers toward low paying, low skilled jobs as those jobs become relatively more attractive and more available compared with higher paying occupations," the report said.

In contrast, legalization of low-skilled immigrant workers would "yield significant income gains for American workers and households."

In other words, there would be fewer immigrants to take low-skilled jobs and fewer high-skilled jobs would be available because the smaller overall labor pool means that there are fewer doctors, lawyers, and other professional occupations, Dixon said. These factors would lead more native-born workers to take low-skilled jobs, he said.

"Excluding immigrants from the bottom shuffles top level workers down," Dixon said. "New entrants to the workforce, such as recent high school or college graduates, would have fewer opportunities at the high end of the economy."

The occupational mix effect was smaller under a scenario in which increased worksite enforcement lowers the number of illegal alien workers in the United States, the report found. This is because increased interior enforcement would cause "employers to hire more lawyers and other high skilled professionals to mitigate the impact of the new policies," Dixon said.

In addition to the occupational mix, the study also analyzed the impact of immigration policies on the output of immigrant workers relative to the costs of employing them; the effect on the amount of capital owned by U.S. households; the employment rate of U.S. workers; the impact on public expenditures; and the effect on imports and exports.

The study is posted at <http://www.freetrade.org/files/pubs/pas/tpa-040.pdf> on the CATO Institute website.

Occupational Safety—Enforcement

OSHA Changes Voluntary Protection Program In Response to Criticism From Congress

In response to a critical Government Accountability Office report issued last May, the Occupational Safety and Health Administration has issued a series of changes to its Voluntary Protection Program.

The VPP changes are outlined in an August 3 memo from Jordan Barab, acting OSHA head, to the agency's regional administrators, directorate heads, and free-standing office directors.

VPP is a voluntary program intended to "promote effective worksite-based safety and health," according to an OSHA fact sheet. Member employers are exempted from routine OSHA inspections, but are still subject to inspections stemming from complaints, accidents, or fatalities.

In May, the Government Accountability Office issued a report finding that OSHA had been unable to ensure that only worksites with outstanding safety records are eligible for VPP.

OSHA Wants 'Consistent' Program. The changes to the program outlined in Barab's memo include an overall directive to follow the VPP Policies and Procedures Manual to ensure "fair and consistent nationwide operation and implementation" of the program. OSHA is reviewing current modifications to those procedures, according to the memo.

The memo makes changes to the VPP policy that allowed onsite evaluation teams to share approval recommendations with the employer. Under the revised policy, teams may not discuss their recommendations without prior approval from the regional administrator, although they may continue to verbally share information on hazards found and suggested safety improvements.

Other changes include measures to improve the written documentation of OSHA actions and thoroughness of the agency's follow-up in response to a fatality at a VPP worksite, enforce mandatory analyses of participating employers whose three-year incident or days away from work rates exceed program requirements, and improve the response when it is determined that a participant's safety and health management system no longer meets the requirements of the program.

The memo also calls for a review of VPP participants' annual self-evaluations and a variety of administrative measures to ensure "greater regional adherence to evaluation time frames." Among the administrative measures are a focus on scheduling overdue evaluations, closer tracking of VPP applications, and fuller documentation of decisions to postpone evaluations.